

DOWNTOWN DETROIT PARTNERSHIP

Who We Are

The Downtown Detroit Partnership is a private/public partnership of corporate and civic leaders that supports, advocates and develops programs and initiatives that create a clean, safe and inviting and economically strong Downtown Detroit community.

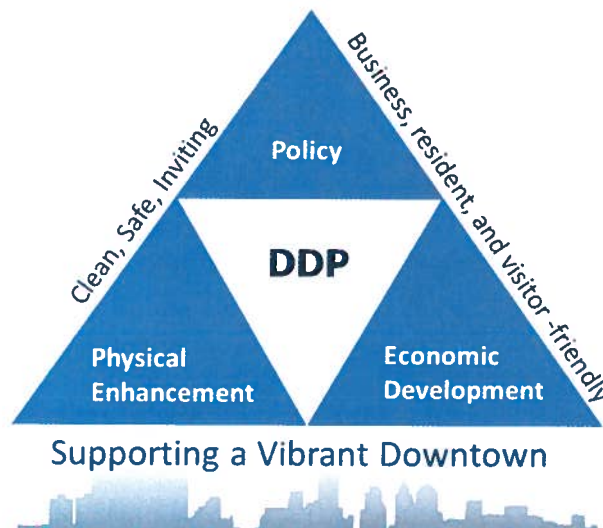
Our public partners are the City of Detroit, the Detroit Economic Growth Corporation, Wayne County and the State of Michigan. We are funded through membership dues as well as private, public and philanthropic support.

Our Mission

The Downtown Detroit Partnership is a private/public partnership of corporate and civic leaders that coordinates, supports, advocates and develops programs and initiatives that create a clean, safe, beautiful, inviting, vibrant, and economically strong Downtown Detroit Community.

What We Do

DDP implements 15 different programs and initiatives within a three-pronged strategic framework of (1) Physical Enhancement (2) Economic Development and (3) Policy.



Our Programs

Clean Downtown, Landscaping, Safety and Security, D:Hive, Live Downtown, Transit Oriented Development, Capitol Park Development Initiative, Stakeholder Engagement, CBD Transformation Plan with DEGC, Business Improvement Zone, Corporate Communications and Outreach, Campus Martius Park, Holiday Lighting, 2-1-1- On The Go!



Engineered to Amaze™



APPARATUS



Walbridge

CHRYSLER



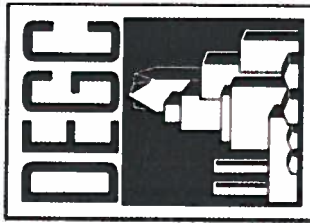
Blue Cross
Blue Shield
of Michigan



WAYNE STATE
UNIVERSITY



Detroit Athletic Club



Deloitte.



HONIGMAN



jackson|lewis



Ilitch Holdings, Inc.

community foundation
FOR SOUTHEAST MICHIGAN



PVS Chemicals, Inc.

SMITHGROUP JJR



at&t

Wayne
County



HUDSON
WEBBER
FOUNDATION



Dykema



DOWNTOWN
DETROIT
PARTNERSHIP

DOWNTOWN DETROIT PARTNERSHIP

June 27, 2012

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Development
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

Creation of a safe, clean and prosperous environment is necessary for the success of the downtown area of any urban core. Many cities around the United States use Business Improvement Districts (or Zones) to supplement baseline city services in order to create a more inviting atmosphere for individuals and businesses. New York City famously used this tool to clean up Times Square to the point where it is now both a family-friendly district and a desirable location for business investment.

A Michigan statute currently allows for the creation of Business Improvement Zones (BIZ), but their use has been limited due to the difficulty of creating the Zones and the ease of dissolution. A BIZ is created and managed by property owners who together decide to raise funds to pay for activities that supplement public services. The amount levied, board management, and uses of funds are all controlled by the property owners within the designated zone. The governing body of the city or village also must approve the creation of the BIZ.

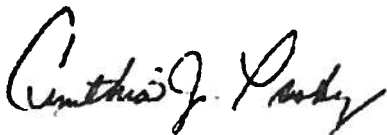
The hurdles to implementation in current law deter even some of the most engaged business leaders around the state from pulling together to improve downtowns via this tool. Many business leaders are willing to pay extra to supplement city services knowing they can manage the expenditures like their own business and that their efforts will have a positive economic impact.

We support efforts to streamline the process of implementing a BIZ while strengthening requirements related to dissolution. Statutes governing these zones should be balanced between ensuring adequate protections for taxpayers and the ability for civic-minded leaders to improve the safety and cleanliness of their surroundings. Legislation that would accomplish these goals is needed to help improve the urban centers of many of our cities.

We urge you to move forward with legislation that would improve upon Michigan's BIZ statute by providing greater balance and stability to the process of implementation and dissolution.

Regards,


Downtown Detroit Partnership Executive Committee



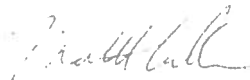
Cynthia J. Pasky
President & Chief Executive Officer
Strategic Staffing Solutions



Daniel J. Loepp
President & Chief Executive Officer
Blue Cross Blue Shield of Michigan



Dave Blaszkiewicz
President & CEO
Downtown Detroit Partnership



Matthew P. Cullen
President & Chief Operating Officer
Rock Ventures LLC



Roger S. Penske
Chairman
Penske Corporation



S. Martin Taylor
SM Taylor Ventures LLC



Gerard M. Anderson
Chairman, President & Chief Executive Officer
DTE Energy Corporation



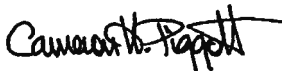
Stacy Fox
Principal
The Roxbury Group



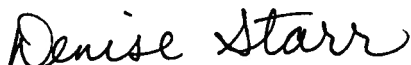
Christopher Ilitch
President & Chief Executive Officer
Ilitch Holdings, Inc.



George W. Jackson, Jr.
President & Chief Executive Officer
Detroit Economic Growth Corporation



Cameron H. Piggott
Member
Dykema Gossett PLLC



Denise Starr
Chief Administrative Officer
Compuware Corporation

DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 · DETROIT MI 48226 · 313.963.2940 FAX 313.963.8839

March 11, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Growth
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

The Detroit Economic Growth Corporation strives to attract and retain businesses in the city of Detroit and to create a better environment in which they can operate. For more than thirty years DEGC has helped guide these investments across the city. Recently a number of high-profile relocations and expansions have been concentrated in the central business district. This influx of new employees is joined by hundreds of new residents and millions of visitors every year. All of these successes help change the perception of Detroit as a world-class city.

Services that create and maintain a clean and safe environment are instrumental in being the kind of city that is expected and deserved by workers, visitors, and residents. Our partners at the Downtown Detroit Partnership have filled an important role in providing these services to the central business district for years and we support their efforts to modify the current Business Improvement Zone statute.

These zones, or districts, have proven to be effective supplements to city services across the country. Changing legislation to allow Detroit's committed business leaders to more easily form and maintain Business Improvement Zones, will complement the work of the Downtown Development Authority, and will allow Detroit's positive momentum to continue benefiting all who live, work, and play in the city of Detroit. Thank you for your consideration.

Sincerely,



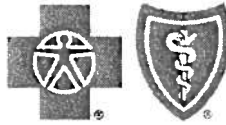
Brian Holdwick

Executive Vice President, Business Development

Detroit Economic Growth Corporation



**Blue Cross
Blue Shield**
of Michigan



Daniel J. Loepp
President and
Chief Executive Officer

600 E. Lafayette Blvd.
Detroit, Michigan 48226-2998

March 13, 2013

The Honorable Mike Kowall
State Senator
Chair, Senate Committee on Economic Development
P.O. Box 30036
Lansing, MI 48933

Dear Senator Kowall,

In 2012, Blue Cross Blue Shield of Michigan completed an initiative to consolidate our workforce in downtown Detroit. We have created an urban campus in a three block radius of downtown with over 6,000 employees in the district. This consolidation followed other investments in Michigan's urban cores of Lansing and Grand Rapids. We are committed to Michigan, to Detroit and to downtown districts.

The creation of a safe, clean and prosperous environment is necessary for the success of the downtown area. Many cities around the United States use business improvement districts (or zones) to supplement baseline city services to create a more inviting atmosphere for individuals and businesses. New York City famously used this tool to clean up Times Square to the point where it is now both a family-friendly district and a desirable location for business investment.

A Michigan statute currently allows for the creation of Business Improvement Zones (BIZ), but their use has been limited due to the difficulty of creating the zones and the ease of dissolution. A BIZ is created and managed by property owners who together decide to raise funds to pay for activities that supplement public services. The amount levied, board management, and uses of funds are all controlled by the property owners within the designated zone. The governing body of the city or village also must approve the creation of the BIZ.

The hurdles to implementation in current law deter even some of the most engaged business leaders around the state from pulling together to improve downtowns via this tool. Many business leaders are willing to pay extra to supplement city services knowing they can manage the expenditures like their own business and that their efforts will have a positive economic impact.

Blue Cross Blue Shield of Michigan supports efforts to streamline the process of implementing a BIZ while strengthening requirements related to dissolution. Statutes governing these zones should be balanced between ensuring adequate protections for taxpayers and the ability for civic-minded leaders to improve the safety and cleanliness of their surroundings. Legislation that would accomplish these goals is needed to help improve the urban centers of many of our cities.

Honorable Mike Kowall
March 13, 2013
Page Two

As Chairman of the Executive Committee of the Downtown Detroit Partnership, I urge you to move forward with legislation that would improve upon Michigan's BIZ statute by providing greater balance and stability to the process of implementation and dissolution.

Regards,

A handwritten signature in black ink, appearing to read "Dan Loepp", written in a cursive style.

Daniel J. Loepp

What is a BIZ?

A business improvement zone (BIZ) is created and managed by property owners who together decide to raise funds to pay for activities that supplement public services. The amount levied, board management, and uses of funds are all controlled by the property owners within the designated zone.

The BIZ is an **investment by property owners and business owners** to create a clean, safe, and inviting downtown.



About SB 257 (S-2)

This legislation amends the current principal shopping district / business improvement district statute, which authorizes the establishment of business improvement zones. For historical reasons, the current statute makes it very difficult to establish a BIZ and relatively easy to dissolve a BIZ. Streamlining the statute would make the process for establishing and maintaining a BIZ considerably easier but still fair to the property owners.

The hurdles to implementation in current law deter even some of the most engaged business leaders around the state from pulling together to improve downtowns via this tool. Many business leaders are willing to pay extra to supplement city services knowing they can manage the expenditures like their own business and that their efforts will have a positive economic impact.



Proposed amendments to the legislation

The proposed amendments will:

- Streamline the voting process
- Align the vote weighting with the assessment method
- Authorize BIZs to merge with other BIZs
- Include an enforcement mechanism for the lien of unpaid assessments.
- Create a balance with the dissolution process.



More detail on the reverse side...

Streamlines the voting process. Under current statute, the establishment of a BIZ requires two votes of the property owners. The first vote is taken at a meeting after the Petition has been submitted, when the property owners vote for a BIZ Plan. Once the BIZ Plan is adopted, it is submitted to the City Council. The second vote of the property owners is a vote by mail after the City Council has approved the BIZ Plan. The proposed changes require that a BIZ Plan be incorporated into the original Petition and eliminate the requirement for the first vote of the property owners. Hence, the sequence will be the filing of a Petition, approval of the BIZ Plan by City Council and then a vote (by mail) of the property owners. The BIZ Plan will still require approval by fifty (50%) percent or more of the property owners, with their votes weighted as described below.

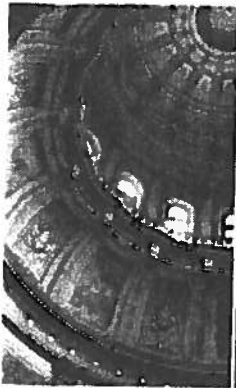
Aligns vote weighting with assessment method. Under the current statute, voting must be weighted in accordance with the taxable value of the property, regardless of how the BIZ assessment was calculated (e.g. assessed value, square footage, linear footage, etc). Current law creates a possible disconnect between how property owners voted and how their assessments would be determined. The proposed changes will ensure that voting will be weighted according to the method in which the assessments will be calculated.

Requires more transparency and information in the BIZ plan including list of Board of Directors, method for appointment and removal of Board, description of planned projects, estimate of total amount of expenditures, proposed source of financing, projected rate of assessments, and plan for dissolution of the BIZ.

Authorizes a BIZ to merge with other BIZs. The current statute is silent as to whether a BIZ may merge with another BIZ. If the proponents of a BIZ decide to forego one comprehensive BIZ, but instead establish separate BIZs for separate parts of downtown, the probability exists that several BIZs will be established. If they are established, there should be a mechanism for allowing them to merge at a future date.

Includes an enforcement mechanism for the lien of unpaid assessments. Under the current statute, an unpaid assessment (but not interest thereon) is a lien on the land that requires the filing of a judicial action to foreclose. The proposed changes include interest on unpaid assessment as part of the lien and provide the BIZ with the authority to collect an assessment through the process for collecting special assessments (which the local treasurer may foreclose).

Creates a balance with the dissolution process. Under the current statute it is considerably easier to dissolve a BIZ than it is to establish it. The proposed modifications are fourfold: (1) a BIZ should will not be subject to a dissolution petition until after the second anniversary of its adoption; (2) a Dissolution Petition will require the signature of at least thirty (30%) percent (versus the current 20%) of property owners; (3) the voting on a dissolution petition should be clarified to provide that dissolution is approved only if more than fifty (50%) percent of the property owners voting at the meeting vote in favor of dissolution, and that the votes on dissolution be weighted in the same manner as they were weighted in the vote to establish the BIZ; (4) no dissolution should take effect until two (2) years after the dissolution vote, in order to give the BIZ ample time to wind down.



HOUSE REPUBLICAN POLICY OFFICE

Bill: SB 257 (Kowall) - Amends the authorizing statute to allow the development or redevelopment of business improvement districts

Advisor: Craig Ryan

Date: April 26, 2013

Committee: Commerce

BILL ANALYSIS

SHORT SUMMARY:

SB 257 (Kowall) makes changes to the Business Improvement Zone (BIZ) statute that would streamline and clarify the process of establishing a zone - or merging two zones - while creating balance across the thresholds for dissolving an existing zone. The bill would also make the assessments levied by a BIZ special assessments under the General Property Tax Act, meaning unpaid assessments could ultimately result in the foreclosure of a property.

ISSUE / PROBLEM:

The Business Improvement Zone program allows for the establishment of economic development zones within local units of government that have the power to levy special assessments and issue bonds to support public improvements (green spaces, sidewalks, parks, lighting, curbing, etc.) and business promotion within the district. The BIZ is an investment by property owners and business owners to create an inviting downtown space.

The assessments are paid by property owners located within the BIZ - who must approve the BIZ Plan. These zones are intended as a tool for improving the overall quality of life in an area with the ultimate goal of increasing local property values.

This bill would likely result in the increased use of BIZs as it will streamline the process for creating a zone and reduce the likelihood that a zone will be dissolved by the assessable property owners.

While the bill has application across the entire state, the Downtown Detroit Partnership will likely be the first entity to utilize the new, streamlined version should it pass.

BILL CONTENT:

The bill proposes to make the following changes:

- Expands the length of time that a BIZ can operate without voter renewal from seven (7) years to ten (10) years
- Removes the requirement that the Zone plan be the subject of a public meeting of impacted property owners prior to local government approval. The plan will still be subject to a public hearing as part of the local government approval process, and the property owners will still vote on the final adoption of the zone plan after local government approval.

Currently, the establishment of a BIZ requires two votes of the property owners: the first after the petition been submitted and the second after the city council has adopted it. The proposed changes require that the Zone plan be incorporated into the original petition and eliminates the requirement for the first vote of the property owners.

The sequence will be as follows:

- 1) Filing the petition
 - 2) Approval of the city council of the BIZ plan
 - 3) Vote (by mail) of the property owners
- In order to establish a BIZ, the property owners must approve the plan by 50% or more. Weighting of votes is detailed below.
 - Decreases the threshold for renewing a new zone plan from 60 percent to more than 50 percent of property owners on a weighted basis.
- Under current statute, it is easier to dissolve a BIZ than it is to establish one. The proposed changes would do the following:
- the BIZ will not be subject to dissolution until after the second anniversary of its adoption
 - a dissolution petition will require the signature of at least 30% of the property owners (current law is 20%)
 - the voting on a dissolution petition will be clarified to provide that dissolution is approved only if more than 50% of the property owners voting at the meeting vote in favor of the dissolution. Votes on dissolution are weighted the same way as they are the to be weighted in the vote to establish the BIZ (see below).
 - no dissolution is to take effect until two years after the vote to dissolve, thus giving the BIZ ample time to wind down
- Increases the thresholds for petitioning to dissolve a BIZ from 20 percent to 30 percent.
 - Clarifies that voting should be weighted based on the allocation of assessments (taxable value, assessed value, or other).

Under current statute, voting must be weighted in accordance with the taxable value of property, regardless of how the BIZ assessment was calculated (assessed value, square footage, linear footage, etc.). This potentially creates a disconnect between how property owners voted and how their assessments would be determined. The proposed changes will ensure that voting will be weighted according to the method in which the assessments will be calculated.

- Establishes that unpaid BIZ assessments can be treated as delinquent under the General Property Tax Act, resulting in liens and allowing for the possible foreclosure of property for unpaid assessments.

Under the current statute, an unpaid assessment (but not interest) is a lien on the land that requires the filing of a judicial action to foreclose. The proposed changes include interest on unpaid assessments as part of the lien and provide the BIZ the authority to collect an assessment through the process for collecting special assessments (which the local treasurer may foreclose).

- Eliminates the requirement that if the annual audit contains material exceptions that are not corrected within 90 days, the BIZ is dissolved and replaces it with a requirement that the BIZ board adopt a plan to remedy the issues within 90 days.
- Allows for the merger of two or more BIZs with approval of the BIZ boards and the local government unit. The current language does not include provisions allowing property owners to approve or reject the merger or the resulting merged zone plan.

Current statute does not address the issue of whether two BIZ's may merge. This provides clarity to allow multiple Zones to merge in the future should they decide and agree to do so.

- Calls for any nomination to the BIZ board of directors by the local governing body that is not disapproved by the local governing body (its own nomination) within 60 days, to stand confirmed.
- Establishes that a local unit of government "shall" consider a completed zone plan petition that is delivered to the local unit of government.

Currently, there is no requirement that the governing local unit of government has to act, thus leaving the plan "on the shelf." The proposed change would require the governing body to consider the establishment of a BIZ before them if all of the following conditions are met:

- 1) it meets all the requirements and actions detailed in statute to establish a BIZ
- 2) the zone plan for the BIZ provides that the services to be provided by the BIZ and the projects under the zone plan would be supplemental to the services, projects and functions of the local unit of government.
- 3) the zone plan provides a basis for allocating assessments that comply with the authorizing statute

Arguments in Support:

- Some are suggesting that the barriers that exist in current statute have deterred local business leaders from utilizing this economic development tool. The changes proposed in SB 257 eliminate those barriers and, while this is a tool that can be used anywhere in the state, the Downtown Detroit Partnership stands ready to engage should these changes be approved.
- Others agree that the development and use of this tool complements the work of other local authorities in existence (local governing body, downtown development authorities, etc ...) and can spur action or maintain momentum in a community interested in achieving the attributes of a vibrant, safe and clean downtown.

Arguments in Opposition:

- Some would argue that it is not the role of government to provide the mechanism for local economic development programs - that is, if local businesses and investors want to enter into agreements to better their communities, they should feel free to do so.
- Some may also suggest that this brings up concerns about the cost of doing business in Michigan. We need to eliminate barriers reduce the cost of doing business, not the opposite.

POSITIONS:

SUPPORT: Downtown Detroit Partnership (and member businesses), Michigan Municipal League, Detroit Regional Chamber of Commerce, Detroit Renewable Energy, MEDC,

OPPOSED: Definitively, none known at this time

NEUTRAL:

SENATE COMMITTEE VOTE (March 20, 2013): 6-0

YES: (6) KOWALL, HILDENBRAND, NOFS, EMMONS, HANSEN, Smith, Hunter

NO: (0)

SENATE FLOOR VOTE (April 10, 2013): 35-2

No Votes: CASWELL, COLBECK



MEMBERS:

**SENATOR HILDENBRAND,
MAJORITY VICE CHAIRMAN
SENATOR NOFS
SENATOR EMMONS
SENATOR HANSEN
SENATOR HUNTER,
MINORITY VICE CHAIRMAN
SENATOR SMITH**

**STATE OF MICHIGAN
THE SENATE
ECONOMIC DEVELOPMENT
COMMITTEE
SENATOR MIKE KOWALL
CHAIRMAN**

**305 FARNUM BUILDING
P.O. BOX 30036
LANSING, MICHIGAN 48909-7536
PHONE: (517) 373-1758
FAX: (517) 373-0938**

MINUTES

A meeting of the Senate Economic Development Committee was held on Wednesday, March 13, 2013, at 1:30 p.m. in Room 110 of the Farnum Building.

The meeting was called to order at 1:35 p.m.

Members Present: Senators Kowall (C), Hildenbrand, Nofs, Emmons, Hansen, Smith
Members Excused: Senator Hunter

Senator Kowall called the meeting to order.

Senator Nofs motioned, supported by Senator Emmons, that the committee adopt the minutes of March 6, 2013. Without objection, the motion prevailed by unanimous voice.

Senator Kowall announced the order of business:

- SB 256 (Kowall)—Economic development; other; Michigan supply chain management development commission revisions; provide for.
- SB 257 (Kowall)—Economic development; other; business improvement districts; modify.

Senator Kowall placed before the committee Senate Bill 256 (Sen. Kowall).

Senator Smith entered the committee room at 1:37 p.m.

Senator Hansen entered the committee room at 1:38 p.m.

The following persons testified on Senate Bill 256 and answered questions from committee members:

- Jim McBryde and Peter Anastor, Michigan Economic Development Corporation--Support

The following persons submitted cards, but did not wish to testify, on Senate Bill 256:

- Tina Dupont, myself—Oppose

Senator Hildenbrand motioned, supported by Senator Nofs, to report with recommendation Senate Bill 256.

Yeas: Kowall, Hildenbrand, Nofs, Emmons, Hansen, Smith

Nays: None

Pass: None

Excused: Hunter

The motion prevailed.

Senator Smith motioned to recommend immediate effect to Senate Bill 256.
Without objection, the motion prevailed by unanimous voice.

Senator Kowall placed before the committee Senate Bill 257 (Sen. Kowall) for testimony.

The following persons testified and answered questions on Senate Bill 257:

- Susan Hopkins & Cameron Piggott, Downtown Detroit Partnership—Support
- Deb Dansby, Rock Ventures—Support
- Christine Seppala, Strategic Staffing Solutions and Cindy Pasky—Support
- Steve Marquardt, Compuware—Support
- Charles Burns, Penske Corporation—Support
- David Dirita, Roxburg Group and Downtown Detroit Partnership—Support

The following persons submitted cards, but did not wish to testify, on Senate Bill 257:

- Nikki Brown, Michigan Municipal League—Support
- Kristin Kraft, Blue Cross Blue Shield of Michigan—Support
- Andrew Doerr, Dykema Gossett PLLC—Support
- Tiffany Watrous, Detroit Regional Chamber—Support
- Tina Dupont, citizen—Oppose
- Brian Kandler, Detroit Renewable Energy—Support
- James McBryde, Michigan Economic Development Corporation—Support
- Jim Murray, AT&T—Support
- Mark Stadt, DTE Energy—Support

Senator Nofs motioned to excuse absent members. Without objection, absent members were excused.

Being no further business before the committee, Senator Kowall adjourned the meeting without objection at 2:43 p.m.

Date approved by the Committee: March 20, 2013

****An audio recording of this committee meeting is available upon request for a minimal fee.**



OUR MISSION

Create a clean, safe, inviting
and economically strong
Downtown community



DDP VOCABULARY

BIZ Get ready for the Business Improvement Zone to create a cleaner, safer, stronger Downtown Detroit.

Clean Downtown Keeping Downtown clean since 2006.

Chevrolet Detroit Belle Isle Grand Prix Returns to the Motor City in 2013, this year featuring an IndyCar double header and the Chevrolet Dual in Detroit presented by Quicken Loans. Tickets at detroitgp.com 5/31-6/2

D:hive A storefront, welcome center, and personalized connection to Detroit for visitors, transplants, entrepreneurs, employees, and residents. Check us out at dhivedetroit.org

Partnerships Fundamental to our mission: teamwork, collaboration, and cross-pollination of all our stakeholders.

Placemaking Bringing Downtown Detroit to life by activating our favorite public spaces. This summer, grab a bite at a sidewalk café or sunbathe at Campus Martius Beach!

Project Lighthouse Provides 24/7 help to those in need of assistance: shelter, aid, safety, information and potential lodging. Look for locations with our banner or call 313-471-6490.

